

NSC BRIEFING ~~CONFIDENTIAL~~ 20 April 1955

SOVIET OFFER OF AUSTRIA TREATY

I. We believe the Soviet offer of peace treaty to Austria is genuine and that the USSR will proceed to negotiate and sign the treaty at the earliest opportunity.

II. Soviet action highly significant. Shift of position from that taken at Berlin -- demonstrates far greater flexibility than ~~in~~ in Stalin era.

A. Treaty offer marks first substantial Soviet concession in Europe since end World War II.

B. Considerable risk to Sov position in other Satellites:

*Return to Sov of refugees -*  
Hungary will have boundary on free world  
Legal basis for Sov troops in Hungary and Rumania will disappear, though may be revived by "Mutual Defense Pact" which was apparently negotiated last December.

1. While we have always estimated USSR's position in Austria not vital to Soviet, we have previously considered USSR would insist on tying settlement small Austrian problem to larger settlement on Germany (as Molotov said at Berlin).

B. Fact USSR now apparently willing to reverse long-standing policy of procrastination, settle Austrian treaty separately, indicates-- in our view--Soviet concern at recent international developments.

1. Bohlen reports, after recent talk with Bulganin, his impression of "greater degree of uncertainty and even concern in Soviet government at general international situation."

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III. Causes of apparent Soviet policy reversal many and complex, but chief among them is probably Soviet concern over situation created by ratification of Paris accords.

- A. Soviet are preoccupied with threat of a rearmed, pro-Western Germany,
- B. French ratification of accords probably forced USSR to make move on Austria, to restore maneuverability on German question.

- 1. Kremlin must estimate that reunification plus neutralization, on Austrian model, will have powerful appeal and will lead to West German pressure for postponement rearmament while new negotiations take place.

~~2. USSR can still play it both ways: if Austrian move has hoped for repercussions on German question,~~

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~~Kremlin can go through with treaty, if it  
fails, can renege at last minute, blame West  
for failure.~~

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- C. We believe that threatening situation in Far East, together with Soviet desire to reinforce neutralist opposition to US Far East policy, also a factor in USSR's Austrian gambit. However, USSR probably more concerned over European than over Far East problems.
- D. Another factor in Austrian gambit may have been Soviet desire to insure Austrian neutralization.
1. Given likely Soviet suspicions that US plans bases in Western Austria, USSR may have been willing to pay price for Swiss-type neutrality.

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2. Perhaps Soviets are moving toward

broader buffer zone of neutral states as

counter to US "encirclement."

3. But *But noted that Austria's position is still at stake*

IV. One major lesson to be learned from Austrian

settlement is new flexibility of Soviet policy, and possibility of further moves.

A. Austrian move may reflect uncertainty

created by collective nature of Soviet

leadership and by its concern over recent

trend of cold war.

B. In background may be Soviet worry over

nuclear arms race.

1. Despite Moscow's careful repudiation

of Malenkov remark that World War III

could mean end of civilization, Mikoyan

this week told Austrian State Secretary

Krinsky that Soviet development of

nuclear weapons had involved "frightful

cost."

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V. If Soviets go through with treaty, little likelihood they expect to subvert Austria through Austrian Communist Party.

A. Kreisky says Soviets made clear during Moscow talks they had little sympathy for Austrian C.P. Mikoyan told him "do not confuse us with Austrian CP. That party has given us bad reputation in Austria, wrecked our business assets, and it has no political future."

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